United States Department of Agriculture
Risk Management Agency

Mar 2007

2007 COMMODITY INSURANCE FACT SHEET

Nursery

Alaska, Idaho, Oregon, Washington

Insured Crop and Plants
The crop insured will be all nursery plants and plant types in each practice, contained on the eligible price list, in which you have a share, that you elect to insure.

Plant Inventory Value Report
The plant inventory value report (PIVR) is your report that declares the value of insurable plants in accordance with the policy. The PIVR must include, by basic unit, all growing locations, basic unit value, coverage level selected, as applicable and your share. The PIVR, including any revised report, and your **peak** inventory value report will be used to determine your premium and amount of insurance.

Causes of Loss
The insurance provided is against damage resulting from an insurable cause of loss occurring during the insurance period, including: adverse weather conditions; fire; wildlife; earthquake; volcanic eruption; failure of or reduction in power supply; failure of irrigation water supply; a loss in values because of an inability to market the plants due to an insurable cause of loss.

Insurance Period
Coverage begins 30 days after the insurance provider receives your signed application. For subsequent crop years, the insurance period begins 12:01 a.m. each June 1.
Insurance ends the date of final adjustment of a loss when the total indemnities due equal the amount of insurance; removal of bare root nursery plant material from the field; removal of all other insured plant material from the nursery; or 11:59 p.m. on May 31.

Amount of Insurance
The policy provides protection for up to 75 percent of the value of nursery inventories. For each basic unit, the insured's practice value, multiplied by the selected coverage level, times 100 percent of the **price election**, times the insured's share.

Catastrophic Coverage
Catastrophic (CAT) coverage is available at the 50 percent coverage level and 55 percent of maximum price election. See your crop insurance agent for specific details.

Various Specifics - 2007 Crop Year
Contract Change	Jan 31
Billing Date	April 1
Sales Closing Date	May 1
Cancellation & Termination Date	May 31

Peak Inventory Endorsement
The peak inventory endorsement allows growers to cover temporary increases in inventory without paying a full year's premium. Growers declare the amount of the inventory value increase, and the dates the peak coverage begins and ends. The grower pays premium for the whole month for any portion of a month the endorsement is in effect.

Rehabilitation Endorsement
The rehabilitation endorsement is only applicable to field grown plants damaged by an insured cause of loss. Rehabilitation costs are limited to expenditures for labor and materials for pruning and setup (righting, propping and staking).

Pilot Nursery Grower's Price Endorsement (NGPE)

NGPE permits nursery growers who purchase buy-up coverage to insure specific plants at prices higher than those shown on the eligible plant list/plant price schedule. May 1, 2006 is the final date to purchase NGPE for the 2007 crop year. Currently only available in Oregon and Washington.

Specific Definitions

Eligible Plant List - A list that includes the botanical and common names of insurable plants, the winter protection requirements for container grown material and the areas in which they apply, the hardiness zone to which field grown material is insurable, the designated hardiness zone for each county, and the unit classification for each plant on the list, published on RMA's web site at http://www.rma.usda.gov. Also available on compact disk from your crop insurance agent.

Field market value A - The value of undamaged insurable plants, based on the lesser of: (1) the prices contained in the Plant Price Schedule; or (2) the prices contained in your catalog or price list in the basic unit immediately prior to the occurrence of any loss, as determined by our appraisal. For liners, the total value of undamaged liners is multiplied by the survival factor to determine the value of undamaged insurable plants.

Field market value B - The value of insurable plants, based on the lesser of:
1) the prices contained in the plant price schedule; or
2) the prices contained in your catalog or price list in the basic unit following the occurrence of a loss, as determined by our appraisal, plus any reduction in value due to uninsured causes.

Monthly proration factors - Factors contained in the actuarial documents that are used to calculate premium when you do not insure the nursery plants for an entire crop year.

Nursery - A business enterprise deriving at least 50 percent of its gross income from the marketing of wholesale plants.

Plant Price Schedule (PPS) - A schedule of insurable plant prices that establishes the maximum insurable value of undamaged insurable plants, published by FCIC as an actuarial document available on RMA's web site at http://www.rma.usda.gov. Also available on compact disk from your crop insurance agent.

Practice - A cultural method of producing plants. Container grown and field grown are considered separate insurable practices.

Under-report factor - The factor that adjusts your indemnity for under-reporting of inventory values. The factor is always used in determining indemnities. For each basic unit, the under-report factor is the lesser of:
a) 1.000; or b) the basic unit value, including a peak inventory value report during the coverage term of a peak inventory endorsement, minus the total of all previous losses, as adjusted by any previous underreport factor, divided by field market value A. Payments made under the rehabilitation endorsement will not be considered a previous loss when calculating the underreport factor.

Nursery Policy Single Unit Example

Assume: A 100-percent share and plant inventory value reported by you is $100,000; coverage level is 75 percent. Amount of insurance is $75,000 ($100,000 x .75). At time of loss, field market value A is $125,000, and field market value B is $80,000. The under-report factor is .80 ($100,000 divided by $125,000). The deductible percentage is 25 percent (100 – 75), the crop year deductible is $25,000 (.25 x $100,000) and the occurrence deductible is $25,000 (.25 x $125,000 x .80). Your indemnity would be calculated as follows:

Step (1) Determine the under-report factor $100,000 ÷ $125,000 = .80;

Step (2) Field market value A minus field market value B $125,000 - $80,000 = $45,000;

Step (3) The result of step (2) multiplied by the result of step (1) $45,000 x .80 = $36,000;

Step (4) Result of step (3) minus the occurrence deductible $36,000 - $25,000 = $11,000; and

Step (5) Result of step (4) multiplied by your share $11,000 x 1.000 = $11,000 indemnity payment.

Where to Purchase

All MPCI, including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA website:
http://www.rma.usda.gov/tools/agent.html

Regional Contact for RMA

USDA/Risk Management Agency
Spokane Regional Office
112 N University # 205 Spokane, WA 99206
Telephone 509 353- 2147 - Fax 509 353-3149
E-mail: warso@rma.usda.gov

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